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HOW WAS PRESIDENT CLINTON ABLE TO BUILD
A WINNING POLITICAL COALITION ON NAFTA?
CORE COURSE ESSAY

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Course 5603 The National Security Process
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On November 17 and 19, 1993, the U S House of Representatives and Senate cast historic votes ratifying the implementing legislation of the North American Free Trade Agreement (NAFTA) creating the largest free trade area in history with a market of \$7 trillion and 365 million consumers. Congress' decision was an extraordinary triumph for President Clinton who in his first year in office put his political prestige on the line lobbying Congress for an unprecedented trade agreement conceived and negotiated by his predecessor. The NAFTA set off a wrenching and defining national debate about America's role in the post-Cold War global economy spurring into opposition an unusual political alliance of a conservative Texas billionaire, a rightwing Republican politician, liberal consumer rights advocates, environmental organizations and the AFL-CIO. At times facing seemingly hopeless odds, President Clinton used his considerable political, public speaking and bargaining skills to secure a stunning bipartisan victory in favor of free trade. The following paper examines President Clinton's trade policy objectives, strategy and tactics in successfully pushing through the NAFTA.

Background

In June 1990, President George Bush and Mexican President Carlos Salinas issued a joint statement endorsing the idea of a comprehensive free trade agreement between the two countries. Shortly thereafter, Canadian Prime Minister Brian Mulroney joined Bush and Salinas in announcing their intention to pursue a North American Free Trade Agreement (NAFTA), building on the existing free trade arrangement between the U S and Canada.¹ In May 1991, the U S Congress gave President Bush the "fast-track" authority he sought to negotiate the agreement. Trilateral negotiations began in June 1991, an agreement was signed on August 12, 1992, and submitted to Congress in December 1992. Under the fast track provisions, Congress had to vote on the implementing legislation in 1993, and if ratified, the NAFTA would take effect on January 1, 1994.

The NAFTA is an improved version of the Canada-U S Free Trade Agreement of 1988. The agreement involves commitments by Mexico to adopt far reaching trade and investment liberalization policies similar to those existing in the U S and Canada. However, the NAFTA goes much further by addressing issues not covered in the 1988 agreement, such as intellectual property rights, rules of origin and transportation. The NAFTA provides for the phased elimination of all tariff and most nontariff barriers to trade within 10 years, although a limited number of strategic imports will have a 15 year transition period. In addition, the NAFTA gives national treatment to the investments of all three countries, has an innovative dispute settlement mechanism, covers trade in financial services, and agriculture, and facilitates greater cooperation on the environmental front ²

Clinton on NAFTA

In an October 1992 speech at North Carolina State University, Democratic Presidential candidate Governor Bill Clinton announced his support for the NAFTA, but declared the agreement had "serious omissions" regarding labor and the environment ³. The purpose of the supplemental agreements, according to Clinton, was to commit each country to rigidly enforce its own environmental and labor standards. The NAFTA supporters affirmed that Mexico was not a polluter's haven arguing that its laws on the environment were adequate. The NAFTA critics countered that Mexico's environmental record was poor. Clinton seized the middle ground by skillfully focusing on the question of ensuring the enforcement of Mexico's own laws. On labor, his calls for guarantees on workers' rights and worker retraining were an electoral ploy to maintain organized labor support for his candidacy

On January 8, 1993, President-elect Clinton reaffirmed his support for NAFTA in a meeting with Mexican President Carlos Salinas. In the discussions, President-elect Clinton made clear that he did not seek to renegotiate the text of the trade treaty, but that his government was keen on concluding environmental and labor side agreements as the basis for strengthening Mexico's

commitment to strictly adhere to its own environmental and labor legislation. Consistent with a rational policy approach, Clinton also tasked members of his transition team, headed by Richard Feinberg, his advisor on Latin America and later National Security Council Staff Director for Latin America, to develop a regional strategy paper to focus U S Latin America policy on free trade. The paper entitled, Convergence and Community: The Americas in 1993, extolled the virtues of free trade as essential to spur economic growth, and development while revitalizing prospects for a more prosperous, harmonious and democratic future for our Hemispheric neighbors.⁴ In broader terms, the strategy paper blended U S foreign policy objectives toward Mexico in the context of U S economic security interests. Clinton and his advisors envisioned NAFTA and other trade agreements as a critical component of an economic strategy to make the U S economy more competitive in global market and capable of generating more growth and employment opportunities.

The NAFTA Debate

The pro-NAFTA forces used economic arguments in support of free trade. They asserted increased trade with Mexico would boost U S exports and growth. By eliminating barriers to trade in the Mexican economy, NAFTA would enhance U S access to a market already accounting for nearly 10 percent of total U S exports, or more than \$40 billion. Moreover, since U S tariffs averaged only 4 percent, while Mexico's were closer to 20 percent, a free trade pact actually forced Mexico to do most of the market liberalization. Also, proponents claimed that NAFTA would lead to the net creation of 200,000 high wage export jobs by 1995. Finally, the NAFTA met key U S foreign policy objectives of keeping Mexico on a democratic, free market path. A stronger, more prosperous Mexico served U S political and economic interests reinforcing Mexican cooperation on narcotics and illegal immigration.

Equally passionate, the anti-NAFTA forces' chief argument was that as Mexico raised its

industrial potential, its low wages would make their products less costly. The movement of U S firms to Mexico would result in a massive loss of manufacturing jobs in America. Also, the projected rise in unemployment would trigger major declines in U S wage levels and lower living standards. This argument was famously captured in Ross Perot's claim of a "giant sucking sound" of U S jobs moving to Mexico. In addition to the unemployment threat cited by protectionists, several other issues emerged in the debate. The first was a growing concern by U S environmentalists that rising economic activity would worsen Mexico's environmental situation. The environmentalists cited the ecological disaster in Mexico's maquila belt south of the Rio Grande, which had engendered serious water and air pollution problems on the U S side. Anti-NAFTA forces also challenged the assertion that higher rates of economic growth in Mexico would, by raising job opportunities, reduce the flood of illegal immigrants to the U S. The opponents countered that massive bankruptcies sparked by the removal of trade protection for thousands of heavily subsidized small corn farms in Mexico, would result in a massive exodus of Mexican peasants to the U S.

Pro-Nafta forces

Most of the major U S business associations strongly supported NAFTA. These included the National Association of Manufacturers, the U S. Chamber of Commerce, the Business Roundtable, the Council of the Americas, and the U S Council of the Mexico-U S Business Committee.⁵ The majority of small U S business groups also believed the free trade pact would benefit their bottom lines. Most mainstream U S economists were also in favor of NAFTA. Steeped in the free trade doctrine of Adam Smith and David Ricardo, they saw NAFTA as a win-win situation for both countries. The Republican Party in general had strongly backed President Bush's negotiation of NAFTA and could be counted to stand with their private sector constituents. Finally, most Hispanic business and political groups, even though on balance affiliated to the Democratic Party, were supportive of NAFTA. Indeed, during the Bush

Administration, the Democratic National Committee's formal opposition to NAFTA fast-track alienated many Hispanic citizen groups ⁶

Anti-Nafta Forces

In their book, *The Nafta Debate*, Delal Bauer and Sidney Weintraub state, "in Washington, it is probably easier to organize a coalition against something than it is in favor of something" ⁷ The political coalition formed in opposition to NAFTA aptly proves this point. Such politicians and issue advocates on the liberal and conservative wings of the U S political spectrum, such as entrepreneur Ross Perot, Republican politician and Washington pundit Pat Buchanan, consumer rights advocate Ralph Nader, and former Democratic California Governor Jerry Brown all were united in rabid opposition to NAFTA. U S organized labor, principally led by the largest union federation, the AFL-CIO, stood staunchly in the anti-NAFTA camp. Facing sharply declining membership, the AFL-CIO argued forcefully that NAFTA would result in the relocation of thousands of U S companies to Mexico causing massive job losses. Also, the AFL-CIO feared that in the dynamic economic environment engendered by NAFTA, new U S job creation would likely be non-union. Many U S labor leaders saw NAFTA as a political pact aimed at supporting an unpopular, corrupt, and authoritarian government in Mexico ⁸ Labor's strong position against NAFTA weakened the Democratic Party's will to support this free trade agreement. Another strong ally of the anti-NAFTA forces were California and Florida producers of sugar, grapes, oranges, avocados and other crops where Mexico was perceived to hold a price advantage. In Florida's Dade County alone, the Farm Bureau estimated that NAFTA would result in farm job losses totalling 17,000 ⁹ Obviously not all U S farmers were anti-NAFTA, U S corn, wheat, soybean farmers were well positioned to benefit from the opening of the Mexican market. U S environmental groups also generally came out against NAFTA. These groups believed that uncontrolled growth would aggravate Mexico's environmental woes and worsen U S pollution along the border. U S consumer groups also joined the NAFTA debate expressing concerns

about low safety and health standards of Mexican consumer products. Above all, conservative populist Ross Perot, fresh from a solid performance as a third party presidential candidate, personally led and financed a grass roots movement against free trade with Mexico.

Presidential Strategy

In the first half of 1993, President Clinton shied away from the raging debate on NAFTA, focusing on domestic economic issues related to the budget deficit. As part of his political strategy, President Clinton tasked U.S. Trade Representative Mickey Kantor to initiate negotiations with Mexico and Canada on the labor and environmental side agreements. These negotiations began in May 1993.

The signing of the environmental side agreements in August 1993, was a major plus for the President's efforts. The direct involvement of Vice President Al Gore, a zealous environmentalist, in the creation of a NAFTA environmental oversight committee was another important concession to the environmental lobby. By forcing NAFTA members to strictly enforce their environmental laws, subject to tripartite review, many powerful U.S. environmental NGOs as the World Wildlife Fund, Nature Conservancy, Audubon Society, Defenders of Wildlife announced their support for NAFTA.¹⁰ Although other key organizations such as the Sierra Club continued to oppose NAFTA, the divisions within the U.S. environmental community for all practical purposes neutralized the environmental lobby as a factor in the debate.

Having successfully obtained passage of his budget reduction package in August 1993, and armed with side agreements to pacify the environmentalists, if not organized labor, President Clinton entered the political stage as the leading proponent of NAFTA. President Clinton's public relations offensive began in September 1993, when he convened former Presidents Ford, Carter, Reagan and Bush to the White House in a show of solidarity for NAFTA. The effect of this meeting was to highlight to the American public the critical importance of NAFTA to U.S.

economic security and to underscore the bi-partisan nature of the free trade coalition. Following this event, President Clinton went on a nationwide campaign of public appearances and speeches in favor of NAFTA. President Clinton spoke to business groups, academics, students, newspaper editors and environmental groups. Brilliantly using the Presidency's bully pulpit, President Clinton stressed that a trade policy of engagement and competitiveness was the most effective instrument to generate growth, jobs and economic security. He extorted his audience to confidently seize the challenge and opportunity of the new global economy to revitalize America and blasted the nay sayers as pessimists who sought to take America on a backward march. House Minority Whip Newt Gingrich said the turning point in the effort to round up GOP votes came when Clinton criticized labor for its opposition. Gingrich said, "it said to a lot of our guys that, if he's going to take that kind of risk in taking on the unions, how can I turn my back on him?"¹¹

The anti-NAFTA forces continued a blistering assault on the agreement. Ross Perot staged a number of 30 minute televised infomercials highly critical of NAFTA. The AFL-CIO also mounted a nationwide effort playing on public fears of massive job losses. Worse, Democratic Majority Whip David Bonior defected from the President's ranks and became a passionate critic of NAFTA.

With only ten days remaining before the Congressional vote and with the outcome increasingly uncertain, the Clinton Administration was given a unique opportunity to weaken the credibility of Ross Perot, the agreement's leading opponent. In a debate hosted by CNN's Larry King, Vice President Gore used his considerable debating skills and expertise in trade policy to clearly articulate the President's free trade message. Most media commentators as well as opinion polls declared Gore and NAFTA the easy winners.

In the days leading to the vote, President Clinton and White House were forced to cut a number of deals to sway undecided Congressmen. Many of the last-minute arrangements involved

benefits for U S farmers For example, a critical swing vote was Florida's Congressional delegation Most remained undecided in order to extract major concessions from the Administration in support of the State's citrus, sugar and vegetable farmers, including tougher safeguards to protect crop prices Others, such as Floyd Flake, a New York Democrat, obtained a small business project in his district in return for his vote on NAFTA.¹² Clinton also assured a wary Republican leadership that he did not intend to play politics with NAFTA and sent a public letter to Congress stating he would defend Republican and Democratic supporters of NAFTA against labor attacks President Clinton received strong support from the Republican side

The pro-NAFTA coalition was assured on November 17, 1993, when the House of Representatives ratified NAFTA by a close vote of 234-200 The House vote paved the way for the President's easy victory in the Senate with a margin of 70-30

Conclusion

President Clinton's success in creating a broad coalition in favor of NAFTA was one of his greatest legislative victories The President's use of a rational approach on trade policy premised on the importance of free trade to U S economic security gave the intellectual fiber to the political debate Later the President's savvy strategy to neutralize the environmental movement by negotiating the side agreements weakened the opposition The President's ability to secure the support of the former Presidents, his public speaking campaign's direct appeal to the people, Gore's debate victory over Ross Perot, and the President's flexibility in cutting backroom deals with undecided Congressmen all were integral building blocks of a classic political campaign to manage an unwieldy political process Finally, President Clinton, a Chief Executive who has been criticized for lack of true conviction and principle, demonstrated on this issue the vision and leadership to fight for a controversial issue he deeply believed to be in America's interest, and used all of the powers of the Presidency, as well as his own considerable talents, to set America

on a radically new trade policy direction

Notes

¹Brenda M Mcphail, *NAFTA Now! The Changing Face of North America*, (New York. University Press of America, 1995): vi

²Gary Clyde Hofbauer & Jeffrey J. Schott, "NAFTA An Assessment," *Institute for International Economics*, (New York. October 1993): 3

³William Charnovitz, "NAFTA's Social Dimension," *The International Trade Journal*, (New York. February 1994) 55.

⁴William Orme Jr, *Free Trade and the New North America*, (Washington DC. The Washington Post Co, 1993): 176.

⁵Delal Baer & Sidney Weintraub, *The NAFTA Debate Grappling with Unconventional Trade Issues*, (Boulder Lynne Rienner Publishers, 1994): 121-22.

⁶*Ibid.* 123.

⁷*Ibid.* 123

⁸*Ibid.* 125.

⁹*Ibid.* 127.

¹⁰Pierre Marc Johnson & Andre Beaulieu, *The Environment and Nafta*, (Washington DC. Island Press, 1996): 32-33.

¹¹David S Cloud, "Decisive Vote Brings Down Trade Wall With Mexico," *Congressional Quarterly*, (Wash DC. November 20, 1993): 3175.

¹²*Ibid.* 3179

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